

Sample Law Firm

Lawyer A and Lawyer B Office Revenue & Cost Allocation Bases

Account Category or Item	Allocation Bases
REVENUES	
1. Fee and Other Revenues	Allocated to the lawyer responsible for managing and billing the matter for all new work performed after the merger. Old work performed prior to the merger will be deposited in old firm accounts and entered into old firm's books.
EXPENSES	
1. Advertising - Marketing	Direct allocation to each lawyer incurring the direct benefit or shared equally when benefiting both lawyers.
2. Amortization Expense – Organization Startup	Allocation to each lawyer – shared equally.
2. Automobile	Direct allocation to the lawyer incurring the direct benefit
3. Bank Charges	Direct allocation to each lawyer based on ownership percentage.
4. Depreciation	Direct allocation to the lawyer assigned and using the equipment or furniture
5. Donations Accounts	Direct allocation to each lawyer based on ownership percentage.
6. Dues and Subscriptions	Direct allocation to the lawyer incurring the direct benefit
7. Education/CLE	Direct allocation to the lawyer incurring the direct benefit
8. Employee Benefits	Initial direct allocation to the lawyer to whom the employee is assigned. Month-end indirect allocation based upon percentage of time used for employees used and not assigned. Receptionist and office manager costs to be shared equally.
9. Insurance WC	Initial direct allocation to the lawyer to whom the employee is assigned. Month-end indirect allocation based upon percentage of time used for employees used and not assigned. Receptionist and office manager

	costs to be shared equally Timesheets will be used to track utilization.
10. Insurance – Liability and Property	Direct allocation to the lawyer incurring the direct benefit. Receptionist and office manager costs to be shared equally.
11. Insurance – Life, Long Term Care, Disability	Initial direct allocation to the lawyer where the employee is assigned. Month-end indirect allocation based upon percentage of time used for employees used and not assigned. Receptionist and office manager costs to be shared equally
12. Interest Expense	Indirect allocation to each lawyer based upon ownership percentage.
13. Lease Expense	Initial direct allocation to the lawyer and staff using the equipment.
14. Licenses - Business	Direct allocation to the lawyer incurring the direct benefit
15. Maintenance and Repair	Direct allocation to the lawyer incurring the direct benefit. For infrastructure items benefiting both offices such as file server, etc. – indirect month end allocation to each lawyer based upon percentage of revenue.
16. Office Supplies	Direct allocation to the lawyer incurring the direct benefit.
17. Payroll	Initial direct allocation to the lawyer where to whom the employee is assigned. Month-end indirect allocation based upon percentage of time used for employees used and not assigned. Time sheets will be used to track utilization.
18. Postage/Shipping	Indirect allocation to each lawyer based upon percentage of revenue for the month.
19. Printing	Indirect allocation to each lawyer based upon percentage of revenue for the month.
20. Professional Fees	CPA annual accounting and tax return preparation fees allocated to each lawyer equally. CPA and legal fees for merger/startup allocated to each lawyer equally. IT consulting fees for merger/startup equally shared between the two lawyers.
21. Publications/Library	Indirect allocation to each lawyer based upon percentage of revenue for the month.
22. Referral Fee	Direct allocation to the lawyer incurring the direct benefit.
23. Rent Expense, Taxes, & Rent Income	Allocated equally to each lawyer.

24. Travel and Entertainment	Direct allocation to the lawyer incurring the direct benefit.
25. Taxes	Indirect allocation to each lawyer based upon percentage of revenue for the month.
26. Telephone	Indirect allocation to each lawyer based upon percentage of revenue for the month.
27. Other Income	Indirect allocation to each lawyer based upon ownership interest.